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Addendum StartPage: 0

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES §
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC'S FOURTH REQUEST FOR INFORMATION**

MARCH 23, 2021

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- ☐ NUCOR_4-2_EXHIBIT_JLJ_Attachment_1
- ☐ NUCOR_4-6_EXHIBIT_JLJ_Attachment_1

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-1:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JLJ-1. Please explain how the Company used the Relative Rates of Return (RRORs) reflected in Staff_8-11_Attachment_1.xlsx to derive the RRORs reflected in Exhibit JLJ-1. Provide all supporting documentation.

Response No. Nucor 4-1:

The relative rates of return as shown in the response to Staff's 8-11, Attachment 1 as EXHIBITJLJ-1 were derived from the present operating income and rate base and the proposed rate base and return for each class from the filed class cost-of-service study. In the case of the individual lighting classes, each individual class is set at the combined lighting class relative rates of return at current and proposed.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
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Question No. Nucor 4-2:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JLJ-1. Please provide a worksheet similar in form to Exhibit JLJ-1 but broken down by the Rate Classes reflected in Staff_8-11_Attachment_1.xlsx.

Response No. Nucor 4-2:

Please see NUCOR 4-2 EXHIBIT JLJ-1 (revised) highlighting additional information as requested.

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SOUTHWESTERN ELECTRIC POWER COMPANY

Texas Revenue Distribution

CUSTOMER GROUP	RATE CODE	VOLTAGE LEVEL	TEST YEAR	PRESENT RATE SCHEDULE	PRESENT OPERATING INCOME	RATE BASE	PRESENT RATE OF RETURN	PRESENT RATE OF RETURN	EQUALIZED REVENUE	EQUALIZED PERCENT CHANGE	TARGET REVENUE	TARGET PERCENT CHANGE	PROPOSED REVENUE	RATE DESIGN TARGET	PROPOSED PERCENT CHANGE	PROPOSED RATE OF RETURN	PROPOSED RATE OF RETURN	PROPOSED REVENUE	PROPOSED ELECTRIC REVENUE	FUEL REVENUE	TCRF / DCRF RIDER REVENUE	OTHER RIDER REVENUE	BASE + FUEL + RIDER REVENUE	BASE + FUEL + RIDER REVENUE	TOTAL BILL CHANGE	PROPOSED TOTAL % CHANGE	PROPOSED BASE \$/KWH	
RESIDENTIAL	12,15,16,19,81	SEC		2,165,959,356	147,077,895	28,952,462	832,968,861	3.43%	1.58	41,074,858	27.93%	41,074,858	27.93%	41,074,177	(479)	27.93%	7.22%	1.00	41,074,177	186,152,172	67,292,540	6,149,974	2,813,216	223,333,725	258,257,929	34,924,204	15.84%	\$0.0889
GENERAL SERVICE WIDEN	200,205,207,210-215,224,281	SEC		205,598,031	16,998,369	3,748,840	83,260,889	4.02%	1.24	3,886,913	22.87%	5,805,870	32.98%	5,101,574	(504,296)	30.01%	8.22%	1.14	5,101,574	22,099,943	6,392,438	640,098	144,536	24,175,441	28,636,917	4,461,476	18.45%	\$0.1075
GENERAL SERVICE WIDEN	202,208,218	SEC		66,333,658	5,669,225	730,837	34,009,883	2.15%	0.86	2,247,228	39.64%	1,869,646	32.88%	2,374,147	504,500	41.88%	7.51%	1.04	2,374,147	9,043,372	2,081,022	206,592	47,352	7,884,192	10,151,747	2,167,555	27.15%	\$0.1213
GENERAL SERVICE				271,931,689	22,667,595	4,479,477	127,270,873	3.52%	1.08	6,134,140	27.06%	7,475,517	32.88%	7,475,721	204	32.88%	8.03%	1.11	7,475,721	30,143,315	8,453,460	846,890	191,688	32,159,833	38,768,664	6,609,830	20.61%	\$0.1108
LIGHTING & POWER	60,63,249,243,291	SEC		2,181,833,051	100,037,248	18,488,045	614,875,723	2.88%	0.83	36,349,488	38.34%	32,961,155	32.88%	32,860,727	(428)	32.88%	8.82%	0.94	32,860,727	133,027,975	67,346,886	4,206,300	1,728,435	173,318,948	202,103,278	28,784,427	16.81%	\$0.0615
LIGHTING & POWER	68,246,249,251,252,254,277	PRI		987,059,010	33,827,879	5,891,549	123,849,661	4.76%	1.47	3,971,289	18.87%	7,858,099	32.98%	7,857,800	(299)	32.98%	9.63%	1.33	7,857,800	31,885,478	20,042,256	1,068,781	455,274	45,383,990	52,183,009	6,799,019	14.96%	\$0.0475
LIGHTING & POWER				2,828,989,060	123,864,927	22,379,584	738,725,583	3.03%	0.84	40,320,787	32.55%	40,849,254	32.98%	40,848,527	(727)	32.98%	7.23%	1.01	40,848,527	164,713,454	87,389,121	5,275,081	2,183,708	218,712,838	254,286,285	35,573,447	16.26%	\$0.0582
COTTON GIN	253	SEC		5,234,123	265,817	(34,215)	2,119,792	-1.81%	(0.50)	244,080	91.89%	87,597	32.98%	87,598	1	32.98%	1.56%	0.22	87,598	353,215	156,813	18,170	270	440,970	510,388	69,427	15.74%	\$0.0675
TOTAL COMMERCIAL				3,106,154,872	146,798,138	26,824,856	668,115,948	3.09%	0.95	46,898,987	31.81%	48,412,368	32.98%	48,411,846	(523)	32.98%	7.38%	1.02	48,411,846	195,209,984	95,999,495	6,139,841	2,375,868	251,313,442	293,585,346	42,271,904	16.82%	\$0.0628
LARGE LIGHTING & POWER	351	PRI		164,844,585	5,298,104	1,035,317	31,255,013	3.31%	1.02	1,590,320	30.02%	1,747,255	32.98%	1,747,318	63	32.98%	7.81%	1.05	1,747,318	7,045,422	4,900,832	240,342	25,437	10,464,515	11,971,462	1,506,978	14.40%	\$0.0428
LARGE LIGHTING & POWER	342,344	TRAN		818,720,988	22,387,847	4,228,052	155,899,244	2.71%	0.84	9,147,516	40.86%	7,383,259	32.98%	7,383,336	77	32.98%	6.36%	0.88	7,383,336	29,771,184	24,118,872	1,082,875	23,330	47,812,925	53,913,385	6,300,461	13.23%	\$0.0364
LARGE LIGHTING & POWER				983,565,571	27,885,952	5,281,369	187,154,257	2.81%	0.87	10,737,836	38.78%	9,130,514	32.98%	9,130,654	140	32.98%	6.57%	0.91	9,130,654	36,818,808	28,019,504	1,323,217	48,767	58,077,440	65,884,877	7,807,437	13.44%	\$0.0374
METAL MELTING - SEC	336	SEC		1,983,769	143,749	17,272	804,815	2.15%	0.86	53,205	37.01%	47,402	32.98%	47,402	(5)	32.98%	8.87%	0.82	47,402	191,151	81,756	7,277	12,506	225,291	285,417	40,125	17.81%	\$0.0964
METAL MELTING - PRI	325	PRI		37,667,208	1,402,858	174,018	8,008,774	2.17%	0.87	526,501	37.53%	482,647	32.98%	482,652	5	32.98%	8.81%	0.92	482,652	1,865,510	1,137,879	83,452	182,561	2,816,851	3,186,050	369,199	13.11%	\$0.0495
METAL MELTING DISTRIBUTION				39,650,875	1,548,507	191,288	8,811,389	2.17%	0.87	579,708	37.46%	510,054	32.98%	510,053	(1)	32.98%	8.82%	0.92	510,053	2,056,680	1,199,735	100,729	195,071	3,042,142	3,451,468	409,324	13.46%	\$0.0519
METAL MELTING - TRANS	318,321	69 TRAN		53,731,559	1,498,929	424,148	6,743,741	8.29%	1.94	81,464	5.43%	494,330	32.98%	494,286	(41)	32.98%	11.82%	1.85	494,286	1,993,218	1,813,932	173,478	7,848	3,294,188	3,614,998	320,810	9.74%	\$0.0371
OILFIELD PRIMARY	330	PRI		384,472,805	10,636,387	1,782,777	83,152,705	2.78%	0.86	3,843,272	34.25%	3,507,760	32.98%	3,507,891	(69)	32.98%	7.06%	0.88	3,507,891	14,144,077	11,574,972	408,564	40,056	22,749,978	25,758,105	3,009,127	13.23%	\$0.0368
OILFIELD SECONDARY	331	SEC		20,704,032	588,848	(24,972)	5,053,882	-0.49%	(0.15)	507,857	86.26%	184,198	32.98%	184,214	19	32.98%	2.46%	0.34	184,214	783,063	610,838	2,543	254	1,202,483	1,394,154	191,671	15.84%	\$0.0378
OILFIELD				405,176,837	11,225,235	1,757,805	88,206,587	2.29%	0.89	4,351,229	36.98%	3,701,958	32.98%	3,701,905	(53)	32.98%	6.72%	0.93	3,701,905	14,927,140	12,185,810	501,107	40,308	23,952,461	27,153,259	3,200,798	13.36%	\$0.0368
TOTAL INDUSTRIAL				1,481,924,742	41,666,723	7,814,611	270,815,954	2.81%	0.87	15,950,235	37.06%	13,836,853	32.98%	13,836,802	(188)	32.98%	6.74%	0.93	13,836,802	55,763,625	44,018,981	2,098,532	281,995	88,366,231	100,104,601	11,739,370	13.28%	\$0.0376
TOTAL COMMERCIAL & INDUSTRIAL				4,588,079,814	188,754,861	34,439,467	1,139,031,902	3.02%	0.93	62,249,222	32.98%	62,249,222	32.98%	62,248,747	(335)	32.98%	7.22%	1.00	62,248,747	251,003,609	140,016,476	8,238,473	2,687,863	339,879,873	393,689,847	54,010,274	15.90%	\$0.0547
MUNICIPAL PUMPING	541,543,550,553	SEC		60,026,735	2,279,333	527,384	11,589,484	4.56%	1.41	401,037	17.58%	307,396	13.49%	307,379	(17)	13.49%	8.80%	0.81	307,379	2,588,712	1,888,449	111,135	12,280	4,271,177	4,487,421	196,244	4.59%	\$0.0431
MUNICIPAL SERVICE	544,548	SEC		25,843,781	1,850,219	522,720	6,950,240	7.52%	2.32	(27,445)	-1.86%	222,552	13.49%	222,558	6	13.49%	9.98%	1.38	222,558	1,873,777	837,736	51,385	54,720	2,594,080	2,785,233	171,173	6.80%	\$0.0685
TOTAL MUNICIPAL PUMPING & SERVICE				86,970,515	3,829,551	1,050,113	18,519,724	6.52%	1.76	373,592	9.51%	529,948	13.49%	529,937	(11)	13.49%	7.87%	1.09	529,937	4,469,489	2,706,185	162,520	66,981	6,885,237	7,232,654	367,417	5.35%	\$0.0513
MUNICIPAL LIGHTING*	521,528,529,535, 538	SEC		28,004,489	2,267,085	557,855	11,951,475	4.87%	1.44	397,816	17.54%	305,744	13.49%	305,827	(117)	13.48%	8.83%	0.92	305,827	2,572,712	809,002	84,359	1,820	3,182,266	3,383,534	221,268	7.00%	\$0.0889
PUBLIC STREET & HWY*	534,539,739	SEC		1,070,584	30,170	(21,163)	435,374	-4.86%	(1.50)	58,554	227.23%	4,077	13.49%	4,077	9	13.51%	-4.14%	(0.57)	4,077	24,246	31,411	3,277	70	64,928	65,728	800	1.23%	\$0.0320
TOTAL MUNICIPAL LIGHTING				12,075,073	2,297,255	536,692	12,386,848	4.33%	1.34	456,170	20.28%	309,813	13.49%	309,704	(109)	13.48%	6.25%	0.87	309,704	2,606,958	840,413	87,636	1,891	3,227,194	3,448,262	222,068	6.88%	\$0.0663
TOTAL MUNICIPAL & MUNICIPAL LIGHTING				114,045,588	6,226,806	1,586,808	30,905,572	5.13%	1.58	839,761	13.49%	839,761	13.49%	839,641	(121)	13.48%	7.22%	1.00	839,641	7,066,447	3,548,598	250,156	68,871	10,092,431	10,881,816	589,485	5.84%	\$0.0620
PRIVATE, OUTDOOR, AREA *	90-143	SEC		49,398,122	4,150,616	937,573	20,875,925	4.47%	1.38	751,957	18.12%	751,957	18.12%	752,003	46	18.12%	7.22%	1.00	752,003	4,802,619	1,536,642	156,828	4,759	5,848,844	6,444,019	595,175	10.18%	\$0.0992
CUST-OWNED LIGHTING*	203,204,532	SEC		6,704,408	283,022	35,064	1,861,840	2.11%	0.85	110,641	37.76%	110,641	37.76%	110,640	(1)	37.76%	7.22%	1.00	110,640	430,862	207,983	31,071	4,108	536,184	615,753	79,569	14.84%	\$0.0602
TOTAL LIGHTING				56,102,530	4,443,639	972,637	22,837,565	4.30%	1.33	862,598	19.41%	862,598	19.41%	862,643	45	19.41%	7.22%	1.00	862,643	5,308,282	1,744,624	187,898	8,867	6,385,028	7,055,773	674,745	10.57%	\$0.0946
TOTAL FIRM RETAIL				6,923,836,788	346,503,301	65,801,371	2,025,542,720	3.24%	1.00	105,026,238	30.31%	105,026,238	30.31%	105,025,209	(888)	30.31%	7.22%	1.00	105,025,209	451,528,509	212,802,238	14,826,502	5,558,817	579,490,857	669,689,564	90,198,707	15.57%	\$0.0652

*Lighting classes are not broken out by individual rate schedule in the class cost-of-service study and are therefore combined into the customer groups as shown in this exhibit.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
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Question No. Nucor 4-3:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JLJ-1. Please explain why the Rate Classes reflected in Staff_8-11_Attachment_1.xlsx differ from the Customer Groups and sub-groups reflected in Exhibit JLJ-1.

Response No. Nucor 4-3:

Please refer to the Company's response to Staff 8-11. As footnoted in the response, the classes represented in Staff 8-11 Attachment 1 are those that meet the definition of 16 Texas Administrative Code §25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule.

The customer groups in EXHIBIT JLJ-1 give additional sub-group detail where a rate schedule has additional rate options such as voltage level or non-demand rates. For the lighting classes, Staff 8-11 Attachment 1 shows lighting rate schedule detail whereas EXHIBIT JLJ-1 combines all of the lighting rate schedules into municipal lighting and private lighting groupings.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
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Question No. Nucor 4-4:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JJJ-1. Please explain why the proposed RROR for Metal Melting Service 69 kV or Higher (Metal Melting—Transmission) remains the highest RROR after the proposed revenue distribution compared to other Industrial rate classes and customer subgroups.

Response No. Nucor 4-4:

One of the goals of the proposed revenue distribution and rate design is to develop rates that move major rate classes closer to an equalized return. The Metal Melting 69 kV had one of the highest relative rates of return at present and, while having the highest relative rate of return at proposed rates, the class did make significant movement toward an equalized return moving from 1.94 at present to 1.65 at proposed. Also, the Metal Melting 69 kV class has the lowest total bill percent change at 9.74% among all classes except the municipal class, and one of the lowest \$/kWh rate of all classes at \$0.0371 per kWh versus the total industrial class at \$0.0376 and total retail at \$0.652 per kWh.

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Question No. Nucor 4-5:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JLJ-1. Please explain why the proposed RROR for Metal Melting Service 69 kV or Higher (Metal Melting—Transmission) remains the highest RROR after the proposed revenue distribution compared to all other rate classes and customer subgroups.

Response No. Nucor 4-5:

Please see SWEPCO's response to Nucor's 4-4.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
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Question No. Nucor 4-6:

Please provide the present and proposed RRORs for the Industrial and Commercial & Industrial customer groups (as grouped on Exhibit JLJ-1) without incorporating Metal Melting—Transmission. In other words, what would the present and proposed RRORs be for the Industrial and Commercial & Industrial customer groups if Metal Melting—Transmission was excluded from the calculation of the RRORs for those groups.

Response No. Nucor 4-6:

As shown on NUCOR 4-6 Attachment 1, removing the Metal Melting Service 69 kV (MMS Trans) rate class from the determination of the total Commercial & Industrial major class and Industrial class yields a lower at present RROR for the Industrial class; 0.87 with MMS Trans and 0.84 without MMS Trans. The Total Commercial and Industrial major class shows a slight change after adding a decimal place to the existing RROR; 0.932 with and 0.926 without MMS Trans. A new rate design and class cost-of-service study would have to be run before knowing the RROR by class at proposed. However, if the MMS Trans class were removed from the determination of the target base rate increase for the Commercial and Industrial major class, the target base rate change would be recalibrated to move the major class to parity without MMS Trans. The recalibrated revenue distribution would assign a target base rate change of 33.20% to the Commercial & Industrial major class instead of the 32.98% to the class, as filed. Please see NUCOR 4-6 Attachment 1 for these results.

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SOUTHWESTERN ELECTRIC POWER COMPANY

Texas Revenue Distribution

NUCOR 4-6 REVISED REVENUE DISTRIBUTION

CUSTOMER GROUP	RATE CODE	VOLTAGE LEVEL	TEST YEAR ADJ KWH	PRESENT RATE SCHEDULE REVENUE	PRESENT OPERATING INCOME	RATE BASE	PRESENT RATE OF RETURN	PRESENT RELATIVE RATE OF RETURN	EQUALIZED BASE REVENUE CHANGE	EQUALIZED BASE PERCENT CHANGE	TARGET BASE REVENUE CHANGE	TARGET BASE PERCENT CHANGE
RESIDENTIAL	12,15,16,19,61	SEC	2,165,609,056	147,077,995	28,602,462	832,966,681	3.43%	1.06	41,074,656	27.93%	41,074,656	27.93%
GENERAL SERVICE W/DEM	200,205,207,210-215,224,281	SEC	205,598,031	16,998,369	3,748,840	93,260,889	4.02%	1.24	3,886,913	22.87%	5,643,349	33.20%
GENERAL SERVICE WO/DEM	202,208,218	SEC	66,333,658	5,669,225	730,637	34,009,683	2.15%	0.66	2,247,226	39.64%	1,882,146	33.20%
LIGHTING & POWER	60,63,240,243,291	SEC	2,161,933,051	100,037,248	16,488,045	614,875,723	2.68%	0.83	36,349,498	36.34%	33,211,719	33.20%
LIGHTING & POWER	66,246,249,251,252,254,277	PRI	667,056,010	23,827,679	5,891,549	123,849,861	4.76%	1.47	3,971,269	16.67%	7,910,635	33.20%
COTTON GIN	253	SEC	5,234,123	265,617	(34,215)	2,119,792	-1.61%	(0.50)	244,080	91.89%	88,183	33.20%
TOTAL COMMERCIAL			3,106,154,872	146,798,138	26,824,856	868,115,948	3.09%	0.95	46,698,987	31.81%	48,736,032	33.20%
LARGE LIGHTING & POWER	351	PRI	164,644,585	5,298,104	1,035,317	31,255,013	3.31%	1.02	1,590,320	30.02%	1,758,936	33.20%
LARGE LIGHTING & POWER	342,344	TRAN	818,720,986	22,387,847	4,226,052	155,899,244	2.71%	0.84	9,147,516	40.86%	7,432,620	33.20%
METAL MELTING - SEC	335	SEC	1,983,769	143,749	17,272	804,615	2.15%	0.66	53,205	37.01%	47,724	33.20%
METAL MELTING - PRI	325	PRI	37,667,206	1,402,858	174,016	8,006,774	2.17%	0.67	526,501	37.53%	465,740	33.20%
OILFIELD PRIMARY	330	PRI	384,472,605	10,636,387	1,762,777	63,152,705	2.79%	0.86	3,643,272	34.25%	3,531,212	33.20%
OILFIELD SECONDARY	331	SEC	20,704,032	588,848	(24,972)	5,053,862	-0.49%	(0.15)	507,957	86.26%	195,494	33.20%
TOTAL INDUSTRIAL (LESS MMS TRANS)			1,428,193,183	40,457,794	7,190,463	264,172,213	2.72%	0.84	15,468,771	38.23%	13,431,726	33.20%
TOTAL COMMERCIAL & INDUSTRIAL (LESS MMS TRANS)			4,534,348,055	187,255,932	34,015,319	1,132,288,161	3.00%	0.93	62,167,758	33.20%	62,167,758	33.20%
METAL MELTING - TRANS	318,321	69 TRAN	53,731,559	1,498,929	424,148	6,743,741	6.29%	1.94	81,464	5.43%	81,464	5.43%
MUNICIPAL PUMPING	541,543,550,553	SEC	60,026,735	2,279,333	527,394	11,569,484	4.56%	1.41	401,037	17.59%	307,396	13.49%
MUNICIPAL SERVICE	544,548	SEC	26,943,781	1,650,219	522,720	6,950,240	7.52%	2.32	(27,445)	-1.66%	222,552	13.49%
TOTAL MUNICIPAL PUMPING & SERVICE			86,970,515	3,929,551	1,050,113	18,519,724	5.67%	1.75	373,592	9.51%	529,948	13.49%
MUNICIPAL LIGHTING	521,528,529,535, 538	SEC	26,004,489	2,267,085	557,855	11,951,475	4.67%	1.44	397,616	17.54%	305,744	13.49%
PUBLIC STREET & HWY	534,539,739	SEC	1,070,584	30,170	(21,163)	435,374	-4.86%	(1.50)	68,554	227.23%	4,069	13.49%
TOTAL MUNICIPAL LIGHTING			27,075,073	2,297,255	536,692	12,386,848	4.33%	1.34	466,170	20.29%	309,813	13.49%
TOTAL MUNICIPAL & MUNICIPAL LIGHTING		SEC	114,045,588	6,226,806	1,586,806	30,906,572	5.13%	1.58	839,761	13.49%	839,761	13.49%
PRIVATE, OUTDOOR, AREA	90-143	SEC	49,398,122	4,150,616	937,573	20,975,925	4.47%	1.38	751,957	18.12%	751,957	18.12%
CUST-OWNED LIGHTING	203,204,532	SEC	6,704,408	293,022	35,064	1,661,640	2.11%	0.65	110,641	37.76%	110,641	37.76%
TOTAL LIGHTING			56,102,530	4,443,639	972,637	22,637,565	4.30%	1.33	862,598	19.41%	862,598	19.41%
TOTAL FIRM RETAIL			6,923,836,788	346,503,301	65,601,371	2,025,542,720	3.24%	1.00	105,026,238	30.31%	105,026,238	30.31%

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-7:

Please confirm that by aggregating the rate classes in the Commercial & Industrial customer group to include Metal Melting—Transmission for purposes of revenue distribution, the total group RROR (both present and proposed) is closer to parity (1.00) under the proposed revenue distribution than the customer group would be without including Metal Melting—Transmission.

Response No. Nucor 4-7:

The Commercial & Industrial major class is slightly closer to parity with the MMS Trans rate class; 0.932 with versus 0.926 without. Please see SWEPCO's response to Nucor's 4-6.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC'S FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-8:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JJJ-1. The Metal Melting—Transmission class is composed of one customer, and that customer's RROR is 1.94 and 1.65, present and proposed. Explain how it is appropriate to apply the Company's proposed revenue distribution to the Metal Melting—Transmission class based on a customer group RROR of 0.93 for the Commercial & Industrial group.

Response No. Nucor 4-8:

SWEPCO has included the MMS Trans class as part of the Commercial and Industrial major class for reasons stated in SWEPCO witness Jennifer Jackson testimony, starting at page 9.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-9:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JLJ-1. It appears that the Company is using Metal Melting—Transmission's high RROR (1.94 at present), grouped together with other Commercial & Industrial rate classes, to support a higher group RROR. Please provide support/precedent justifying calculating a customer group's RROR based on an inconsistently high RROR of one customer/rate class. Provide all supporting documentation.

Response No. Nucor 4-9:

Please see SWEPCO's response to Nucor's 4-6 and 4-7.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-10:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JJJ-1. Please justify setting the Metal Melting—Transmission proposed RROR at 1.65 when the next closest Industrial class RROR is 1.05 (Large Lighting and Power—Primary). Provide all supporting documentation.

Response No. Nucor 4-10:

Please see SWEPCO's response to Nucor's 4-4 and Nucor's 4-2, Attachment 1. The proposed revenue distribution and rate design also takes into account total bill changes and \$/kWh. Based on the proposed rate design, the Metal Melting 69 kV class total bill percentage change is 9.74% and the LPL Primary class has a total bill change of 14.40%. The Metal Melting 69 kV class total bill \$/kWh is \$0.0371 and the LPL Primary class total bill \$/kWh is \$0.0428.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-11:

Refer to SWEPCO's response to Staff 8-11, Staff_8-11_Attachment_1.xlsx and Exhibit JJJ-1. The proposed RROR for the Metal Melting—Transmission class is 1.65, which is well above parity, especially compared to other Industrial customers. Does the Company consider it equitable and acceptable to treat one customer in such a punitive manner relative to its other customers?

Response No. Nucor 4-11:

Please see SWEPCO's response to Nucor's 4-4.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-12:

During the nine months preceding filing of the SWEPCO Application in this proceeding, did the Company communicate with any of the following about the contents of said application: (a) Residential customers or their representatives; (b) Commercial customers or their representatives; (c) Industrial customers or their representatives; or (d) other customers or their representatives? Provide all supporting documentation.

Response No. Nucor 4-12:

Generally, when developing its rate and tariff proposals, SWEPCO does consider and incorporate feedback from customers received during the normal course of business. In particular, as explained below in response to Nucor 4-16, certain tariff and rate design proposals in this case were driven, in part, by such customer feedback. However, the Company did not communicate directly with individual customers or their representatives about the specific contents of the Application in this case prior to filing said application. SWEPCO did communicate with Commission Staff and OPUC immediately prior to filing the Application to discuss and explain its contents. In addition, shortly after filing the Application, the Company met with various community and city representatives to provide an overview of the rate request.

See NUCOR 4-12 Attachments 1 and 2 for the presentations made to Commission Staff and OPUC, respectively, regarding SWEPCO's application. See NUCOR 4-12 Attachment 3 for the presentation used when meeting with various community and city representatives.

Prepared By: Robert D. Gladman

Title: Regulatory Case Mgr

Sponsored By: Paul E. Pratt

Title: Dir Customer Svcs & Mktg

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr



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SOAH Docket No. 473-21-0538

PUC Docket No. 51415

Nucor's 4th, Q. # Nucor 4-12

Attachment 1

Page 1 of 6

2020 SWEPCO Base Rate Case



Meeting with
PUC Staff

October 8, 2020



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SOAH Docket No. 473-21-0538
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Nucor's 4th, Q. # Nucor 4-12
Attachment 1
Page 2 of 6

Agenda

- Overview of Request
- Key Drivers
- New Initiatives
- Customer Impact



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SOAH Docket No. 473-21-0538

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Nucor's 4th, Q. # Nucor 4-12

Attachment 1

Page 3 of 6

Overview of Request

- Test Year: 12 months ended 3/31/20
- Requested net annual increase: \$90.2 million or 25.0%
- Transmission and distribution cost recovery mechanisms (TCRF and DCRF) reset to zero (currently \$14.8 million)
- Capital structure: 50.63% Debt | 49.37% Equity
- Return on Equity: 10.35%



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SOAH Docket No. 473-21-0538

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Nucor's 4th, Q. # Nucor 4-12

Attachment 1

Page 4 of 6

Key Drivers

- Rate base capital additions since July 1, 2016 not included in TCRF and DCRF
- Recent generation unit retirements
- Net Operating Loss from stand-alone income
- Accelerated net book value of Dolet Hills and included base level of O & M, offset with accumulated deferred income taxes (ADIT), and remaining book value amortized over four years
- Hurricane Laura deferral
- Distribution vegetation management increase



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New Initiatives

- Storm reserve
- Time of Use rates / Electric Vehicle tariff (with AMI option)
- Energy storage / battery ownership – requesting accounting declaration
- LED Lighting tariffs – application approved 9-2020 in separate filing

Customer Impact

Net rate increase: \$90.2 million or 25.0% (15.6% total bill)

Major Rate Class	Average % Increase (Total Bill)
Residential*	15.6%
General Service	20.6%
Lighting & Power	16.3%
Large Industrial	13.3%
Municipal / Lighting	5.8%
Total Overall	15.6%

* The total annualized bill of a 1,000 kWh residential customer would increase from \$105.26 to \$120.97, or 14.9%.



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Nucor's 4th, Q. # Nucor 4-12

Attachment 2

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2020 SWEPCO Base Rate Case



Meeting with
Office of Public
Utility Counsel

October 8, 2020



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SOAH Docket No. 473-21-0538

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Nucor's 4th, Q. # Nucor 4-12

Attachment 2

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Agenda

- Overview of Request
- Key Drivers
- New Initiatives
- Customer Impact



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SOAH Docket No. 473-21-0538

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Nucor's 4th, Q. # Nucor 4-12

Attachment 2

Page 3 of 6

Overview of Request

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- Transmission and distribution cost recovery mechanisms (TCRF and DCRF) reset to zero (currently \$14.8 million)
- Capital structure: 50.63% Debt | 49.37% Equity
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SOAH Docket No. 473-21-0538

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Nucor's 4th, Q. # Nucor 4-12

Attachment 2

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Key Drivers

- Rate base capital additions since July 1, 2016 not included in TCRF and DCRF
- Recent generation unit retirements
- Net Operating Loss from stand-alone income
- Accelerated net book value of Dolet Hills and included base level of O & M, offset with accumulated deferred income taxes (ADIT), and remaining book value amortized over four years
- Hurricane Laura deferral
- Distribution vegetation management increase



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New Initiatives

- Storm reserve
- Time of Use rates / Electric Vehicle tariff (with AMI option)
- Energy storage / battery ownership – requesting declaratory ruling
- LED Lighting tariffs – application approved 9-2020 in separate filing



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SOAH Docket No. 473-21-0538

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Nucor's 4th, Q. # Nucor 4-12

Attachment 2

Page 6 of 6

Customer Impact

Net rate increase: \$90.2 million or 25.0% (15.6% total bill)

Major Rate Class	Average % Increase (Total Bill)
Residential*	15.6%
General Service	20.6%
Lighting & Power	16.3%
Large Industrial	13.3%
Municipal / Lighting	5.8%
Total Overall	15.6%

** The total annualized bill of a 1,000 kWh residential customer would increase from \$105.26 to \$120.97, or 14.9%.*



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Nucor's 4th, Q. # Nucor 4-12
Attachment 3
Page 1 of 14

SWEPCO Texas Cities 2020 Base Rate Overview

October 21, 2020





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SOAH Docket No. 473-21-0538

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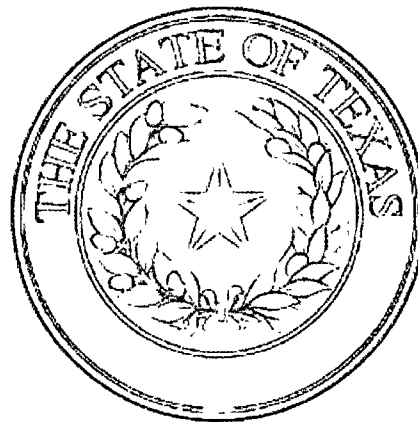
Nucor's 4th, Q. # Nucor 4-12

Attachment 3

Page 2 of 14

2020 Texas Base Rate Case Overview

- Request for a net annual increase of \$90.2 million in non-fuel base rates
- Net increase is approximately 15.6% on total customer bill basis
- If approved, new rates likely go into effect first billing cycle January 2022
 - However, new rates will relate back to April 2021





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Nucor's 4th, Q. # Nucor 4-12

Attachment 3

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2020 Texas Base Rate Case

Overview



Investments in Generation, Transmission, and Distribution systems to benefit customers for years to come

- Transmission investments for refurbishment, expansion, and reliability
- Distribution investments for grid modernization and reliability
- Generation investment for availability and reliability



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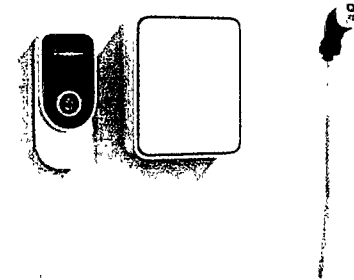
Attachment 3

Page 4 of 14

2020 Texas Base Rate Case

New Initiatives

- Electric vehicle charging time of use tariff
- Residential all home time of use tariff
- Commercial and industrial time of use tariff
- LED lighting tariffs
- Expansion of economic development tariff
 - Existing option (500 kw new or increased load)
 - New Option (200 kw new or increased load)
 - 3 year demand rate discount
 - Threshold for increase in employment
- Storm reserve





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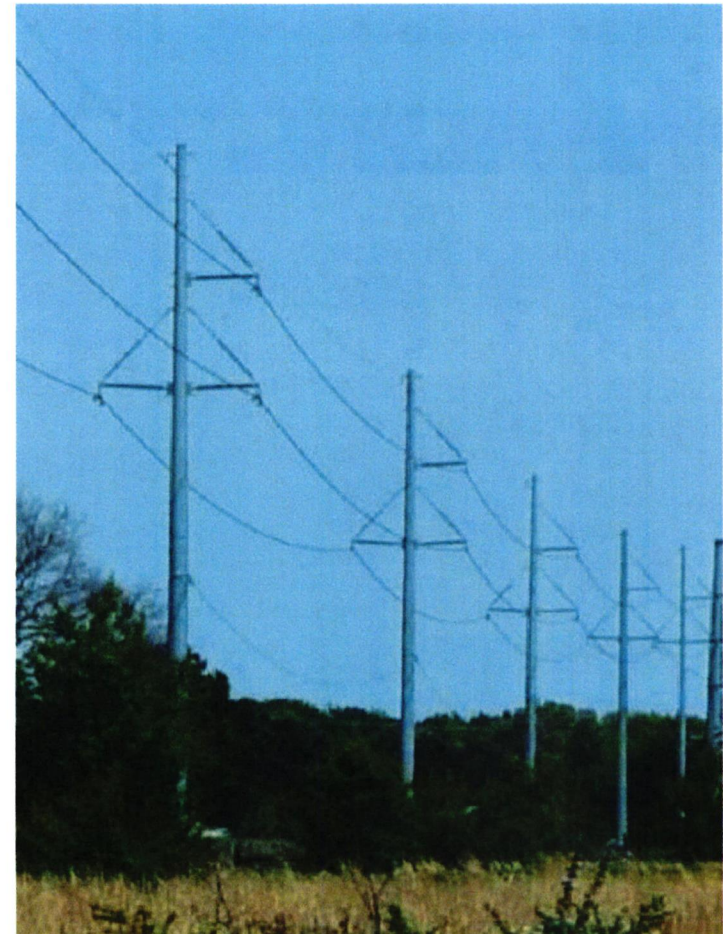
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2020 Texas Base Rate Case

Key Drivers

SWEPCO's request includes:

- Investments in generation, transmission and distribution facilities since 2016, plus increased O&M costs to provide reliable and safe service to Texas customers
- Additional vegetation management
- Costs related to generating unit retirements
- Increased tax costs related to accelerated depreciation
- Existing TCRF and DCRF moved into base rates





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Attachment 3

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2020 Texas Base Rate Case

Plant Retirement - Dolet Hills

- Dolet Hills Power Station will be retired by end of 2021
- Two steps to lessen rate impact of remaining undepreciated value of plant:
 1. Offset part of balance with funds set for refund to customers as a result of reduction in federal corporate income taxes
 2. Depreciate the remaining balance over a four-year period



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Attachment 3

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2020 Texas Base Rate

Plants Retirements – Natural Gas

- Retired 5 units in 2019/2020 after more than 60 years of reliable service - Knox Lee 2, 3, 4 (140 MW); Lieberman 2 (26 MW); Lone Star 1 (50 MW)
- Knox Lee 5 (342 MW) and Lieberman 3 and 4 (217 MW) continue operations



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Attachment 3

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2020 Texas Base Rate Case

Vegetation Management

Requesting additional \$5 million annually for expanded program to reduce tree-related outages

- Critical to maintaining distribution system reliability
- Will improve reliability on targeted circuits as demonstrated by the reduction in the number of tree-related outages on the Texas circuits that were trimmed in 2018 and 2019



2020 Texas Base Rate Case

Vegetation Management

Circuits Trimmed in 2018

	Twelve Months Ending December 2017	Twelve Months Ending March 2020	Difference	% Reduction
No. of Interruptions	47	7	40	85%
Customers Affected	1,334	53	1,281	96%
CMI	248,308	7,572	240,736	97%

Circuits Trimmed in 2019

	Twelve Months Ending December 2018	Twelve Months Ending March 2020	Difference	% Reduction
No. of Interruptions	30	3	27	90%
Customers Affected	4,452	24	4,428	99%
CMI	730,148	5,728	724,420	99%



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Nucor's 4th, Q. # Nucor 4-12

Attachment 3

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2020 Texas Base Rate Case

Customer Impact

- Major Rate Class Proposed Increase (Total Bill)
 - Residential 15.64%
 - Commercial 16.82%
 - Industrial 13.28%
 - Comm. & Ind. 15.90%
 - Municipal 5.84%
 - Lighting 10.57%



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2020 Texas Base Rate Customer Impact

- As proposed, residential customer using 1,000 kilowatt-hours per month would see a total bill increase of \$15.71, or 15% per month (from \$104.78 to \$120.49).



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Nucor's 4th, Q. # Nucor 4-12

Attachment 3

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2020 Texas Base Rate Case

Improvement Investments

- Transmission improvement investments
 - \$636.7 million since last rate case*
 - Projects at Welsh DC tie, Valliant to NW Texarkana, Longview Heights, Evenside-NW Henderson
- Distribution improvement investments
 - Ongoing inspection/repairs – poles, transformers, conductor, switchgear, other equipment
 - \$143.5 million since last rate case *
- Generation improvements
 - Projects to improve unit availability and efficiency and minimize environmental impact
 - Includes Pirkey Plant control system replacements and upgrades and Wilkes Plant major boiler projects

* Some T&D investments included in current TCRF/DCRF



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Attachment 3

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2020 Texas Base Rate Review

Next Steps

- Cities to take action by November 17th
 1. cede original jurisdiction to the Commission;
 2. deny SWEPCO's request;
 3. grant SWEPCO's request in whole or part; or
 4. "suspend" SWEPCO's requested change in rates for an additional 90 days (a total of 125 days) before taking final action.
- SWEPCO to appeal that action to the Commission, which has the authority to make the final decision on the rate change request



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Questions ?

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC'S FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-13:

During the nine months preceding filing of the SWEPCO Application in this proceeding, did the Company communicate with any of the following about the rate design proposal(s) included in said application: (a) Residential customers or their representatives; (b) Commercial customers or their representatives; or (c) Industrial customers or their representatives; or (d) other customers or their representatives? Provide all supporting documentation.

Response No. Nucor 4-13:

See SWEPCO's response to NUCOR 4-12.

Prepared By: Robert D. Gladman

Title: Regulatory Case Mgr

Sponsored By: Paul E. Pratt

Title: Dir Customer Svcs & Mktg

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-14:

During the nine months preceding filing of the SWEPCO Application in this proceeding, did the Company communicate with Nucor about either (a) the contents of said application, or (b) the rate design proposal(s) included in said application? Provide all supporting documentation.

Response No. Nucor 4-14:

See SWEPCO's response to NUCOR 4-12.

Prepared By: Robert D. Gladman

Title: Regulatory Case Mgr

Sponsored By: Paul E. Pratt

Title: Dir Customer Svcs & Mktg

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-15:

Please describe or provide copies of communications between the Company and customers/customer representatives with whom the Company communicated, prior to filing the SWEPCO Application, about (a) the contents of said application; or (b) the rate design proposal(s) included in said application. Provide all supporting documentation.

Response No. Nucor 4-15:

See SWEPCO's response to NUCOR 4-12.

Prepared By: Robert D. Gladman

Title: Regulatory Case Mgr

Sponsored By: Paul E. Pratt

Title: Dir Customer Svcs & Mktg

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-16:

Did the Company consider feedback from customers and/or customer representatives in arriving at (a) the proposals included in the SWEPCO Application; or (b), more specifically, the rate design proposal(s) included in the said application? If the answer to either subpart is yes, please describe the ways in which the Company considered such feedback. Provide all supporting documentation.

Response No. Nucor 4-16:

Yes. In general, customer feedback is received by customer representatives through normal business operations and subsequently considered as a component in rate design. As noted in the testimony of SWEPCO witness Jackson at page 18, SWEPCO has made several structural changes to its General Service and Lighting & Power rate schedules based on feedback received by SWEPCO Customer Service. In addition, as explained in the testimony of Ms. Jackson at page 26, SWEPCO is proposing to enhance its Economic Development Rider based on service territory economic development considerations and proposing several electric vehicle-specific tariffs based on customer service feedback.

Please refer to the Direct Testimony of company witness Jennifer Jackson, page 10 line 16 through page 12 line 1 for a description of how impacts to customers are considered.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO NUCOR STEEL
LONGVIEW, LLC's FOURTH REQUEST FOR INFORMATION**

Question No. Nucor 4-17:

Did the Company consider the impact on customers, the economy of the Company's service territory, or any other impacts in arriving at (a) the proposals included in the SWEPCO Application; or (b) the rate design proposal(s) included in said application. If the answer to either subpart is yes, please describe how the Company considered and/or addressed such impacts. Provide all supporting documentation.

Response No. Nucor 4-17:

Please see the response to NUCOR 4-16.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr